

KENTUCKY MINE SUBSIDENCE INSURANCE FUND

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**PLAN OF OPERATION
for the
KENTUCKY MINE SUBSIDENCE INSURANCE FUND**

The Commissioner of Insurance, by attached order, has designated the Property and Casualty Division of the Kentucky Department of Insurance as administrator of the Kentucky Mine Subsidence Insurance Fund, hereinafter called the “Fund” or “KMSIF,” pursuant to KRS 304, Subchapter 44.

The Administrator hereby establishes and adopts this plan of operation in order to carry out the duty of the fund to provide insurance coverage for losses to structures within Kentucky arising out of or due to mine subsidence.

SECTION I

Purpose

The purpose of the fund is to ensure that mine subsidence insurance coverage is applied to like risks in a fair and reasonable manner, that all rates and coverage terms are uniform, and that all claims are investigated and settled satisfactorily.

SECTION II

Memorandum of Agreement

The Department of Insurance and Energy and Environment Cabinet work in collaboration to ensure the quality the Kentucky Mine Subsidence Insurance Fund.

SECTION III

Effective Date and Amendments

This plan of operation shall be effective and the fund shall be established as of the date shown on the attached order of the commissioner. Amendments to this plan proposed by the administrator shall become effective after the commissioner of insurance has approved such amendments.

SECTION IV

Definitions

The definitions established by KRS 304.44-010 are set forth here. Some definitions have been added to clarify certain terms in the statute.

1. “Department” means the Department of Insurance.
2. “Commissioner” means the Commissioner of Insurance of the Commonwealth of Kentucky.
3. “Mine subsidence insurance fund” or “fund” means the fund established by this subtitle and administered as determined by the department. KRS 304.44-010(3)
4. “Administrator” means the organization designated by the Commissioner of the department to administer the fund. KRS 304.44-010(7)
5. “Manager” means the person chosen by the Administrator to handle the day to day operations.
6. “Mine subsidence” means the collapse of underground coal mines resulting in direct damage to a structure. It does not include loss caused by earthquake, landslide, water seepage, volcanic eruption, or collapse of storm, and sewer drains. KRS 304.44-010(2)
7. “Structure” means any dwelling, building, or fixture permanently affixed to realty, but does not include land, trees, plants, or crops. KRS 304.44-010(6)
8. “Permanently affixed to realty” as used in the statutory definition of “structure” means that the dwelling, building, or fixture was assembled or constructed at its present location upon a permanent foundation. It does not include any dwelling, building, or fixture designed to be mobile or portable from location regardless of the foundation type.
9. “Insurer” means any insurance company authorized by the commissioner under any provision of KRS Chapter 304 to write property insurance in this state.
10. “Policy” means a contract of insurance providing mine subsidence insurance. KRS 304.44-010(4)
11. “Contract of insurance” as used in the statutory definition of “policy” includes an endorsement for attachment to a policy.
12. “Basic property insurance” means the coverage against the peril of fire for direct loss to a structure permanently affixed to realty at a fixed location.
13. “Premium” means the gross rate charged to policyholders for insurance provided by this subtitle. KRS 304.44-010(5)

14. “Gross rate” as used in the statutory definition of “premium” means only the applicable manual rate established by the administrator for the risk insured and does not include any municipal premium taxes or state insurance surcharges established or required by other authority.
15. “Eligible locations” means those counties of this state, which have underground coal-bearing stratum. They are:

Bath, Bell, Boyd, Breathitt, Breckinridge, Butler, Caldwell, Carter, Christian, Clay, Clinton, Crittenden, Daviess, Edmonson, Elliott, Estill, Floyd, Grayson, Greenup, Hancock, Harlan, Henderson, Hopkins, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, McCreary, McLean, Madison, Magoffin, Martin, Menifee, Montgomery, Morgan, Muhlenberg, Ohio, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Rowan, Union, Warren, Wayne, Webster, Whitley, Wolfe.
16. “Qualified locations” means those eligible locations or counties where the fiscal courts have certified to the administrator its approval of the availability of mine subsidence insurance within that county. They are:

Bell, Boyd, Breathitt, Butler, Carter, Christian, Clay, Daviess, Edmonson, Elliott, Floyd, Greenup, Hancock, Harlan, Henderson, Hopkins, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, McCreary, McLean, Martin, Morgan, Muhlenberg, Ohio, Owsley, Perry, Union, Warren, Webster, Whitley, Wolfe.
17. “First report of loss” is the insurer’s first notice to the fund that a policyholder has submitted a mine subsidence insurance claim.
18. “Loss” or “mine subsidence insurance loss” is the amount paid or payable by the insurer to its policyholder for mine subsidence damage sustained within the scope of the statutory mine subsidence insurance coverage.
19. “Plan of operation” refers to the formal operating procedures followed by the fund and the insurer, as established by the administrator and approved by the commissioner of insurance.
20. “Proof of reinsured claim” is the documentation required by the plan of operation to substantiate the fact that the loss in question was due to mine subsidence and was covered by the statutory mine subsidence insurance coverage.
21. “Statutory mine subsidence insurance coverage” is the coverage which the insurer makes available to policyholders on any permanent structure located in the state in accordance with Chapter 304, Subtitle 44 of the Kentucky Revised Statutes.
22. “Coal Mining Activity” - Pre-Aug. 3, 1977, means mined areas abandoned prior to Aug. 3, 1977. Post-Aug. 3, 1977, means active mines and mined areas abandoned after Aug. 3, 1977.

SECTION V

Organization and Staff

The commissioner has designated the director of the Property and Casualty Division of the Kentucky Department of Insurance as the administrator of the Kentucky Mine Subsidence Insurance Fund. The administrator will choose a manager to handle the day to day operation of the fund.

SECTION VI

Mandatory Insurer Participation

1. Every insurer writing a property insurance policy on any structure located in a county that has become a “qualified location” shall include in the policy an endorsement of coverage against loss or damage to the structure arising from coal mine subsidence.
2. Coverage for coal mine subsidence shall not be included in any policy:
 - (A) covering a structure in (1) an exempt location or (2) an eligible location which has not been “qualified” by approval of the fiscal court;
 - (B) if the applicant or insured has waived his right to the coverage in writing. A copy of the waiver form is attached as Exhibit 2.
3. No insurer nor any of its agents shall require, as a condition to the issuance of any policy of basic property insurance, that the applicant waive his right to obtain mine subsidence coverage.

SECTION VII

Coverage Forms

Insurers shall provide the mine subsidence coverage required by KRS Chapter 304, Subtitle 44, using forms that have been filed with and approved by the Department of Insurance. Such forms shall not be changed unless approved by the Department of Insurance.

SECTION VIII

Income

1. Premium Income:

The continued eligibility of the mine subsidence program was contingent upon the program being state-administered and becoming self-sustaining. The program became self-sustaining on July 1990.

2. Investment Income:

The federal grant monies were used in order that the mine subsidence fund could be established and the program could become self-sustaining by July 1, 1990.

During the start up, mine subsidence premiums went toward building the fund's capital.

3. Dwelling Structures (one- to four-family units)

The estimated annual premium income for dwelling structures is in direct relation to the premium rate, number of participating dwellings and the average amount of coverage per dwelling structure.

A premium table was established that provides premium rates for insurance values of \$50,000 or less in \$10,000 increments up to \$100,000, the maximum coverage amount for the mine subsidence insurance. The premium rates are \$10.00 for \$50,000 or less and increase in increments of \$2.00 for each \$10,000 of coverage up to \$20.00 for \$100,000 coverage. See Premium Table Exhibit 1.

The premium rate table was established by estimating loss frequency, average size and administrative cost including adjusting expense.

The number of dwelling structures expected to participate in the program was established by the number of households in the counties eligible for the mine subsidence insurance.

Non-Dwelling Structures (commercial structures)

The estimated annual premium income for the commercial structures is in direct relation to the premium rate, number of participating commercial structures and the average amount of coverage per structure.

A premium table was established providing premium rates for insurance values of \$50,000 or less in \$10,000 increments up to \$100,000 being the maximum coverage amount for the mine subsidence insurance. The premium table rates increase in \$2.00 increments from \$15.00 for \$50,000 or less coverage to \$25.00 for \$100,000 coverage. See Exhibit 1.

The premium rate table was established by estimating loss frequency, average size claim and administrative cost, including claim-adjusting expense.

Farm Dwellings and Outbuildings

Dwelling structure rates and minimum premium apply to all farm dwellings. For farm outbuildings with a farm dwelling already insured, each outbuilding is to be rated using the rate of \$2.00 for each \$10,000 increment of coverage. For farm outbuildings without a farm dwelling, rate the highest valued outbuilding using the rates and minimum premium for farm dwellings. The remaining outbuildings should be rated as above, \$2.00 for each \$10,000 increment of coverage.

Mobile Homes

Mobile homes and attachments are considered ineligible for mine subsidence coverage.

SECTION IX

Reinsurance

1. Every insurer shall enter into a reinsurance agreement with the administrator acting on behalf of the fund whereby the insurer agrees to cede and the fund agrees to accept a 100 percent quota share of all mine subsidence coverage written up to a maximum liability limit of \$100,000 for each risk assumed. Cessions made by the insurer within the coverage limits shall relieve the insurer of all liability for loss stemming from claims made by its policyholders under such policies of mine subsidence insurance. Acceptance of such cessions by the administrator shall not create any legal liability. The fund shall be solely liable for the ceded coverage and shall be entitled to any profits earned and shall bear any losses incurred from such business.
2. To achieve maximum uniformity in the handling of claims, the reinsurance agreement shall contain a provision requiring claims supervision and handling under the direction of the administrator.
3. In order for the fund to be liable to an insurer for reinsurance of a mine subsidence claim the insurer must provide mine subsidence coverage using policy and endorsement forms approved by the administrator as being in compliance with this plan.
4. A ceding commission of 30 percent will be allowed only on the gross rate portion of the premium charged policyholders. Any portion of the premium attributed to municipal taxes or state premium surcharge shall be subject to the rules and regulations otherwise governing such transactions.
5. Accounting for premiums and losses arising from business written by the insurer and ceded to the fund shall be on forms prescribed by the administrator. A copy of the prescribed "Quarterly Report Form" is attached as Exhibit 5.
6. An insurer may, but is not required to, write mine subsidence coverage in excess of the limits provided by the fund. The fund shall have no liability to the insurer or its insured for any amount of coverage written in excess of its statutory authority.
7. In the event of loss under a policy providing excess coverage, the insurer shall be liable under the terms of its policy to its insured for any covered excess portion regardless of whether or not the primary portion of the loss (within the limits of liability of the fund) is collectible from the fund.

SECTION X

Underwriting

1. The administrator may adopt underwriting rules for use with its rate classification system and manual of rates. Such rules shall be applied by the insurer in determining acceptance or rejection of the risk for mine subsidence coverage only. The insurer may apply its own underwriting rules in determining acceptance, rejection, or cancellation of its policy of basic property insurance and its decision shall control the disposition of the mine subsidence coverage regardless of the fact that the structure may qualify for mine subsidence coverage under the rules of the administrator.
2. The administrator shall review the rating structure and adopt such changes subject to the approval of the commissioner. The commissioner shall maintain a rating structure, which is neither excessive, inadequate nor unfairly discriminatory. Rate structure is expected to cover all losses and expenses to be incurred during the succeeding year, and include a reserve for unexpected contingencies.
3. At the administrator's discretion, an actuary will review and evaluate premium rates. The actuary will examine and analyze loss reserves, premium collections, claim adjustments, and any and all other aspects affecting the financial condition of the fund. No insurer shall use any classification plan or manual of rates for mine subsidence except those adopted and approved by the administrator for the use of all insurers.

SECTION XI

Claims Procedures & Cost

1. The insured should report the possibility of mine subsidence damage directly to the insurer or its authorized agent.
2. Upon notice of a potential mine subsidence claim, the insurer shall immediately forward a completed Association for Cooperative Operations Research and Development (ACORD) claim form or its equivalent and a *Notice of Loss Form* to the Administrator. An *Interview Form* should also be submitted. See Exhibit 6.

The insurer shall furnish the administrator with a copy of the policy declaration page showing the amount of mine subsidence insurance applicable to the damaged structure.

3. The administrator may assign the reported claims to a consultant adjuster for investigation when the company questions the cause and origin of the reported mine subsidence property damage.

When a questionable mine subsidence claim exists and the consultant adjuster is unable to certify the cause and origin of the reported loss, the administrator may approve engineering services to establish:

- A. Verification of underground coal mining in the immediate area of damaged property.
- B. Establish date the mining took place where possible (pre- or post-Aug. 3, 1977).

- C. Determine if reported damage is related to mine subsidence as opposed to settling, landslide, earthquake or other non-mine subsidence causes.

Required engineering service is not expected to exceed 25 percent of the reported claims on dwelling structures and 50 percent of the reported claims on non-dwelling structures. Claim procedures will be the same for pre- and post-Aug. 3, 1977, mine subsidence claims. Post-Aug. 3, 1977, claim and adjusting expenses will be paid from the KMSIF. Should damages occur because of post-Aug. 3, 1977, mining the KMSIF will look to the mining company to accept its responsibility for such damages. In addition the KMSIF will attempt to recover all investigative costs expended from the responsible mining company.

- 4. The adjusting firm will report directly to KMSIF with copies of all correspondence sent to the insurer.
- 5. All payment authorizations will come from the administrator. No reinsurance will be available for claims paid by the company without prior approval by the administrator.
- 6. After the insurer has made an authorized payment to its insured, the insurer shall remit to the administrator a copy of the draft and settlement papers, including any subrogation receipt, for reimbursement from the fund.
- 7. Right of Subrogation KRS 304.44-110.
 - A. All insurers issuing mine subsidence coverage shall retain the right of subrogation.
 - B. The administrator shall retain the right of subrogation.
 - C. The insurer shall include in its claim reports an itemized list of losses in subrogation and shall remit to the fund all monies, less expenses, recovered as the result of subrogation actions.

SECTION XII

Operation

- 1. The administrator shall have the authority to oversee and supervise the daily operations of the fund either directly through employees, or through a person engaged for that purpose, or indirectly through facilities obtained by contract. In either event, the administrator shall recover costs, whether incurred directly or indirectly, from the fund.
- 2. The administrator shall segregate all monies received for and on behalf of the fund from any other source of monies received. The administrator may divide the fund into operations categories in order to maximize investment return on those portions not needed in liquid form for daily operation.

SECTION XIII

Accounting and Investment Procedures

1. The insurer shall submit quarterly a statement of mine subsidence premium transactions to the administrator on the prescribed form. The Quarterly Report Form prescribed by the administrator is attached as Exhibit 5.
2. The administrator may submit an annual report of all mine subsidence premium and claim transactions to the commissioner. Interim reports will be made upon request of the commissioner.
3. Two accounts will be established: one to accommodate the mine subsidence premium income account and one to accommodate investment account.

Premium Income Account

The fund will generate dollars as mine subsidence insurance policies are written. As premiums are forwarded to the insurers, 70 percent of each premium dollar will be forwarded to the Kentucky Department of Insurance and deposited into the Mine Subsidence Insurance Premium Income Account.

Investment Account

The administrator will review the premium income account monthly and will determine the amount of funds not needed in liquid form for daily operation of the fund. Immediately upon such determination, the administrator will advise the Finance Office of Financial Management to invest the specified amount. The report will include the date and amount of funds transferred from the premium account to the investment account, the type of investment made, maturity date, and amount of interest earned. The records will maintain current and past balances and transaction information.

The 1986 Kentucky General Assembly gave the Department of Insurance authority to restrict all interest earned from mine subsidence premiums exclusively to benefit the mine subsidence insurance fund. See KRS 304.44.115.

KENTUCKY MINE SUBSIDENCE REINSURANCE AGREEMENT

This reinsurance agreement is entered into between

(“The insurer”)

and the Kentucky Mine Subsidence Insurance Fund (“the Fund”). **This agreement is effective as of _____.**

I. **DEFINITIONS.** As used in the agreement:

1. “Department” means the Department of Insurance.
2. “Commissioner” means the Commissioner of Insurance of the Commonwealth of Kentucky.
3. “Mine Subsidence Insurance Fund” or “Fund” means the fund established by this subtitle and administered as determined by the department. KRS 304.44-010(3).
4. “Administrator” means the organization designed by the Commissioner of the department to administer the fund. KRS 304.44-010(7).
5. “Manager” means the person chosen by the Administrator to handle day to day operations.
6. “Mine Subsidence” means the collapse of underground coal mines resulting in damage to a structure. It does not include loss caused by earthquake, landslide, water seepage, volcanic eruption or collapse of storm and sewer drains. KRS 304-44-010(2).
7. “Structure” means any dwelling, building or fixture permanently affixed to realty, but does not include land, trees, plants or crops. KRS 304.44-010-(6).
8. “Permanently affixed to realty” as used in the statutory definition of “structure” means that the dwelling, building or fixture was assembled or constructed at its present location upon a permanent foundation. It does not include any dwelling, building or fixture designed to be mobile or portable from location regardless of foundation type.
9. “Insurer” means any insurance company authorized by the Commissioner under any provision of KRS Chapter 304 to write property insurance in this state.
10. “Policy” means a contract of insurance providing mine subsidence insurance. KRS 304.44-010(4).
11. “Contract of insurance” as used in the statutory definition of “policy” includes an endorsement for attachment to a “policy.”

12. “Basic property insurance” means the coverage against the peril of fire for direct loss to structures permanently affixed to realty at a fixed location.
13. “Premium” means the gross rate charged policyholders for insurance provided by this subtitle. KRS 304.44-010(5)
14. “Gross rate” as used in the statutory definition of “premium” means only the applicable manual rate established by the Administrator for the risk insured and does not include any municipal premium taxes or state insurance surcharges established or required by other authority.
15. “Eligible locations” means those counties of this state, which have underground coal-bearing stratum. They are:

Bath, Bell, Boyd, Breathitt, Breckinridge, Butler, Caldwell, Carter, Christian, Clay, Clinton, Crittenden, Daviess, Edmonson, Elliott, Estill, Floyd, Grayson, Greenup, Hancock, Harlan, Henderson, Hopkins, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, McCreary, McLean, Madison, Magoffin, Martin, Menifee, Montgomery, Morgan, Muhlenberg, Ohio, Owsley, Perry, Pike, Powell, Pulaski, Rockcastle, Rowan, Union, Warren, Wayne, Webster, Whitley, Wolfe.
16. “Qualified locations,” means those eligible locations or counties where the fiscal courts have certified to the Administrator approval of the availability of mine subsidence insurance within that county. They are:

Bell, Boyd, Breathitt, Butler, Carter, Christian, Clay, Daviess, Elliott, Edmonson, Floyd, Greenup, Hancock, Harlan, Henderson, Hopkins, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, McCreary, McLean, Martin, Morgan, Muhlenburg, Ohio, Owsley, Perry, Union, Warren, Webster, Whitley, Wolfe.
17. “First report of loss” is the insurer’s first notice to the fund that a policyholder has submitted a mine subsidence insurance claim.
18. “Loss” or “mine subsidence insurance loss” is the amount paid or payable by the insurer to its policyholder for mine subsidence damage sustained within the scope of the statutory mine subsidence insurance coverage.
19. “Plan of operation” refers to the formal operating procedures followed by the Fund and the insurer, as established by the Administrator and approved by the Commissioner of Insurance.
20. “Proof of reinsured claim” is the documentation required by the plan of operation to substantiate the fact that the loss in question was due to mine subsidence and was covered by the statutory mine subsidence insurance coverage.
21. “Statutory mine subsidence insurance coverage” is the coverage which the insurer makes available to policyholders on any permanent structure located in the state in accordance with Chapter 304, Subtitle 44 of the Kentucky Revised Statutes.

22. "Coal Mining Activity" - Pre-Aug. 3, 1977, means mined areas abandoned prior to Aug. 3, 1977. Post-Aug. 3, 1977, means active mines and mined areas abandoned after Aug. 3, 1977.

II. **REINSURANCE**

As of the effective date of this agreement, the insurer agrees to cede and the fund agrees to accept a 100 percent quota share of all mine subsidence coverage written up to a maximum liability limit of \$100,000 for each risk assumed. Cessions made by the insurer within the coverage limits shall relieve the insurer of all liability for losses stemming from claims made by its policyholders under such policies of mine subsidence insurance.

Acceptance of such cessions by the administrator shall not create any legal liability. The fund alone shall be liable for the ceded coverage and it alone shall be entitled to any profits earned and shall bear any losses incurred from such coverage. The fund shall pay insurers for losses which occurred in qualified locations, and in no event shall the fund have any liability to the insurer for any losses occurring in exempt locations or in locations which are not qualified locations.

Claims supervision and handling shall be subject to the supervision and approval of the administrator.

In order for the fund to be liable to an insurer for reinsurance of a mine subsidence claim, the insurer must provide the mine subsidence insurance coverage using policy and endorsement forms approved by the administrator as being in compliance with this plan.

A ceding commission of 30 percent will be allowed only on the gross rate portion of the premium charged policyholders. Any portion of the premium attributed to municipal taxes or state premium surcharge shall be subject to the rules and regulations otherwise governing such transactions.

Accounting for premiums and losses arising from business written by the insurer and ceded to the fund shall be on forms prescribed by the administrator.

An insurer may, but is not required to, write mine subsidence coverage in excess of the limits provided by the fund. The fund shall have no liability to the insurer or its insured for any amount of coverage written in excess of its statutory authority.

In the event of loss under a policy providing excess coverage, the insurer shall be liable under the terms of its policy to its insured for any covered excess portion without regard as to whether or not the primary portion of the loss (within the limits of liability of the fund) is collectible from the fund.

III. ESTABLISHMENT OF REASONABLE RULES AND PROCEDURES

The fund shall establish reasonable rules and procedures covering the content and timely submission of the following:

1. Reports of reinsured policies in force;
2. Premiums;
3. First reports of loss;
4. Proof of reinsured claims;
5. Periodic status reports on open claims;
6. Pleadings and other relevant documents regarding claims in litigation.

The fund shall establish reasonable rules and procedures governing the fund's reimbursement of insurers.

Such rules and procedures shall be contained either in the plan of operation or in periodic bulletins or circulars prepared by the fund. The plan of operation and all such bulletins and circulars shall be distributed to the insurers.

IV. CONDITIONS

The fund's obligations to provide reinsurance and to pay the insurer's losses and the authorized fees are conditioned upon the insurer's compliance with the following requirements, in accordance with the fund's plan of operation, bulletins and circulars:

1. Remittance to the fund of the mine subsidence insurance premiums collected from its policyholders, less its ceding commissions.
2. Timely submission of first reports of loss.
3. Timely submission of proofs of reinsured claims.
4. Timely submission of reports of its statutory mine subsidence insurance coverage.
5. Cooperation in the fund's examination and audit of the insurer's mines subsidence insurance books and records.
6. Assistance to the fund in the development of loss reserves for reported claims not yet paid or settled.
7. Timely submission of status reports on open claims.
8. Timely submission of pleadings and other relevant documents regarding claims in litigation.
9. Adjustment of insured's loss in the customary manner.

10. All payment authorizations will come from the administrator. No reinsurance will be available for claims paid by the company without prior approval by the administrator.

V. **DISPUTE RESOLUTION**

If the insurer disagrees with the administrator's determination of the fund's obligation to pay any reinsured claim or claims, the insurer may request a hearing before the commissioner or the commissioner's designated hearing officer. The appointed hearing officer shall make findings of fact, conclusions of law, and recommendations to the commissioner. If the commissioner hears the dispute, he shall make findings of fact, conclusions of law, and enter an order. An insurer aggrieved by the commissioner's order on the hearing may appeal in the manner prescribed by KRS 304.2-370.

This agreement shall terminate upon the repeal of the legislation authorizing the statutory mine subsidence insurance coverage.

KENTUCKY MINE SUBSIDENCE
INSURANCE FUND

INSURER

By _____

By _____

Name: _____

Name: _____

Title: _____

Title: _____

Signed on _____, 20____,

Signed on _____, 20____,

at Frankfort, Kentucky.

at _____

**COMMONWEALTH OF KENTUCKY
COAL MINE SUBSIDENCE RATES**

<u>AMOUNT OF COAL MINE SUBSIDENCE INSURANCE ON THE STRUCTURE</u>	<u>PREMIUM DWELLING STRUCTURE</u>	<u>PREMIUM NON-DWELLING STRUCTURE</u>
Up to \$50,000	\$10.00	\$15.00
\$50,001 to \$60,000	\$12.00	\$17.00
\$60,001 to \$70,000	\$14.00	\$19.00
\$70,001 to \$80,000	\$16.00	\$21.00
\$80,001 to \$90,000	\$18.00	\$23.00
\$90,001 to \$100,000	\$20.00	\$25.00

NOTE: (1) A non-dwelling structure is defined for rating purposes as a building that is not principally used for residential purposes or house more than four family units.

(2) \$100,000 is the maximum amount of insurance reinsured by the Kentucky Mine Subsidence Insurance Fund.

FOR COMPANY USE ONLY - AMOUNTS ABOVE \$100,000

(3)	Dwellings - \$10,000 increments above \$100,000	\$2.00
(4)	Commercial - \$10,000 increments above \$100,000	\$2.00

KENTUCKY MINE SUBSIDENCE INSURANCE FUND WAIVER FORM

WAIVER OF INSURANCE

I (WE) DO NOT DESIRE COAL MINE SUBSIDENCE INSURANCE COVERAGE AND
HEREBY WAIVE ANY RIGHT TO SUCH COVERAGE, UNDER THIS POLICY OR ANY
FUTURE POLICY COVERING MY (OUR) INTEREST IN THE PROPERTY DESCRIBED
IN THE POLICY (IN THE APPLICATION), UNLESS I (WE) REQUEST COAL MINE
SUBSIDENCE COVERAGE, IN WRITING, AT SOME FUTURE DATE.

_____*
Signature of Named Insured(s)

Policy Number (If Renewal)

Date Signed

*IF INSURED IS A CORPORATION, AN OFFICER OF THE CORPORATION MUST SIGN
WITH HIS TITLE.

KENTUCKY MINE SUBSIDENCE INSURANCE FUND

Loss Reporting Procedures

1. Insured notifies authorized agent or company of potential mine subsidence damage. "Authorized Agent reports the loss to Company."
2. The Company notifies the Kentucky Mine Subsidence Insurance Fund (KMSIF or fund) of a potential mine subsidence claim by forwarding a completed ACORD Form or its equivalent, a copy of the declarations page showing the mine subsidence endorsement and a Notice of Loss form to the administrator.
3. The company starts the initial loss investigation and files a report with the fund administrator. A KMSIF *Interview Form* should be sent at this time.

The initial report to the administrator will indicate:

- a. Is reported mine subsidence damage caused by pre- or post-Aug. 3, 1997, underground mining, if known?
- b. Is adjusting assistance needed to determine cause and origin of damage?

No Adjusting Assistance Required

The company continues the loss adjusting process and provides the fund periodic loss reports until the adjustment of loss is finalized.

Adjusting Assistance Required

The fund administrator may elect to provide a consultant adjuster. If consultant adjuster recommends the need for a more in-depth investigation, the fund administrator may involve an engineer to confirm the cause and origin of the reported damage.

4. Consultant adjuster or engineer provides the fund with a report of the loss cause and origin. A copy of this report is filed with the insurance company.
5. Company, with assistance of the consultant adjuster if needed, completes loss adjustment and payment for eligible mine subsidence-related damages.
6. Company sends a copy of final loss report, claim payment, signed proof of loss and other documents pertaining to the claim to the fund administrator.
7. If the fund finds the final adjustment and claim payment to be acceptable, the fund will reimburse the company according to the reinsurance agreement.
8. The consultant adjuster's, geologist's and engineer's expenses will be paid directly by the fund.

KENTUCKY MINE SUBSIDENCE INSURANCE FUND

NOTICE OF LOSS

Submit this form to the Kentucky Mine Subsidence Insurance Fund, P. O. Box 517, Frankfort, KY 40601-0517

IDENTIFICATION

Identification No.: _____

Insurer: _____

MSIF File No.: _____
(MSIF Use Only)

Event No.: _____

REPORTED BY

Name: _____

Company: _____

Address: _____

City: _____ State: _____

ZIP: _____ Telephone No. () _____

CONTACTS

LOSS FIRST REPORTED TO:

Name: _____

Address: _____

City: _____

State: _____ ZIP: _____

☐ Agent ☐ Insured ☐ Other _____

CLAIM REPRESENTATIVE:

Name: _____

Address: _____

City: _____

State: _____ ZIP: _____

Telephone No. () _____

LOSS INFORMATION

Insured's Name: _____

Property Address: _____

City: _____

County: _____

State: _____ ZIP: _____

Building Construction: _____

Date of Loss: _____

Date Loss Reported to Company: _____

Policy Type: _____

Amount of Building Coverage: _____

Estimated Reserve: _____

Inception Date of KMSIF Coverage: _____

COMMENTS: _____

EXHIBIT 3 continued

A subscribing company must directly notify the Fund as soon as a potential mine subsidence loss has been reported to them. Notification must be in writing.

If there are any questions, please call 502-564-6046.

INSTRUCTIONS

Section	Information	Instructions
1. Identification	Insurer I.D. Number	Enter the company identifying number, policy and/or claim numbers used to identify this claim. This is the number the fund will use in any correspondence with your company.
2. Reported By	Name, Address, Phone Number	Enter the subscribing company representative who is reporting this claim to the fund.
3. Contacts	Loss First Reported To	Enter the person to whom the insured first reported the potential loss to the company. (e.g., agency, claims rep., broker)
	Claim Representative	Enter the subscribing company claim representative who is responsible for the claim adjustment or claim administration. This is the person to whom all “event” correspondence will be directed.
4. Loss Information	Date of Loss	Enter the date of loss or an approximate date in which the mine subsidence damage was first noticed. (The fund realizes the nature of such losses and the difficulty in determining the exact date of beginning of the event.)
	Date of Loss Reported to Company	Enter the date on which the loss was initially reported to company.
	Property Address	Enter all information, including county, if known.
	Type of Policy	Enter type of policy on which the mine subsidence endorsement was attached. (e.g., HO, Fire, CMP, etc.)
	Building Coverage	Enter the amount of coverage on the property policy.
	Estimated Reserve	Enter the initial estimate of mine subsidence damage (not to exceed \$50,000).
	Building Construction	Enter the type of structure insured. (e.g., frame, masonry, masonry veneer, etc.)
	Inception Date of Mine Subsidence Coverage	Enter the initial date that the mine subsidence coverage became effective. (Usually the policy inception date.)
5. Comments		Indicate any additional information that would facilitate claim adjustment.

INSURED INTERVIEW FORM

1. Claim number _____ Adjuster _____
2. Date of this visit _____
3. Date(s) of other visits _____
4. Insurance company _____
5. Owner(s) _____ Phone _____
6. Tenant(s) _____
7. Address _____
 Location _____ Block _____ of _____ Street
 OR _____ Block _____ of _____ Street
8. Names of **ALL** persons present for visit _____

9. General description of subject structure and foundation types:
 - A. Use _____
 - B. Size _____
 - C. Type _____ Frame _____ Frame, brick veneer
 _____ Brick _____ Concrete block
 - D. Foundation _____ Full basement _____ Partial basement
 _____ Slab _____ Crawl space
 - E. Material _____ Poured concrete _____ Concrete block
 Other _____
 - F. Configuration _____ Single story _____ Multi story _____ Split foyer
10. General description of site, adjoining property, and topography:
 - A. Slope _____ Flat _____ Gentle _____ Steep _____ %
 - B. Setting _____ Urban, other house nearby
 _____ Rural _____ Rural, in town
11. Date house was built _____
12. Additions or improvements to property and structure
 No _____ Yes _____ Date _____ What type _____

13. Date, location of first evidence of damage _____

14. Date, location, and appearance of other damage _____

15. Describe progress of movement _____

16. Any problems with utility lines in neighborhood
 Water _____ Yes _____ No _____ Sewer _____ Yes _____ No _____
 Gas _____ Yes _____ No _____ Other _____
17. Notice any new low spots in yard or neighborhood (water standing) _____

18. Any new drainage problems? ☐ Yes ☐ No (Where)
Describe _____

19. Any damage reported by neighbors? ☐ Yes ☐ Possibly ☐ No
When did it start? _____ What type of damage? _____

20. Any new construction on your property or nearby property?
☐ Yes ☐ Possibly ☐ No _____
21. Any excessive vibration or shaking of the house?
☐ Yes ☐ Possibly ☐ No
(What is source) (When)

22. Why insured believes damage is caused by mine subsidence? _____

23. Describe how the serviceability of the building has been impaired. _____

24. Is reported mine subsidence damage caused by **pre-** or **post-Aug. 3, 1977,** underground
mining? ☐ PRE ☐ POST

KENTUCKY MINE SUBSIDENCE INSURANCE FUND QUARTERLY REPORT

Company: _____ NAIC: _____ NAIC Group: _____

FEIN: _____ YEAR: _____

QUARTER: _____

Pursuant to the requirements established by the Kentucky Mine Subsidence Insurance Fund (KMSIF), the undersigned hereby certifies that the following is an accurate statement of transactions conducted under the plan.

PART I – Policy Count by County. In the appropriate blocks please provide the number of policies in force (PIF) having mine subsidence coverage during this reporting period. Counties not listed do not participate in the KMSIF, therefore, coverage is not available. Enter “none” or “0” if no policies are in force.

COUNTY	PIF	COUNTY	PIF	COUNTY	PIF	COUNTY	PIF	COUNTY	PIF
02 Bell		14 Edmonson		24 Jackson		32 Letcher		45 Perry	
03 Boyd		15 Elliot		25 Johnson		34 McCreary		51 Union	
04 Breathitt		17 Floyd		26 Knott		35 Mclean		52 Warren	
06 Butler		19 Greenup		27 Knox		38 Martin		54 Webster	
08 Carter		20 Hancock		28 Laurel		41 Morgan		55 Whitley	
09 Christian		21 Harlan		29 Lawrence		42 Muhlenberg		56 Wolfe	
10 Clay		22 Henderson		30 Lee		43 Ohio			
13 Daviess		23 Hopkins		31 Leslie		44 Owsley		TOTAL	

PART II – Premium Transactions. Complete premium transactions occurring during the reporting period. Round to the nearest whole dollar. Enter “0” if no transactions occurred.

1. Gross Premium _____
2. Cancellations _____
3. Adjusted Gross Premium _____
4. Commissions (30%) _____
5. Net Premiums _____

This report must be completed by all active, admitted carriers **even if no mine subsidence premium or coverage is transacted**. This report should be received by our office **no later than 45 days after the end of the quarter**. Checks should be made payable to the Kentucky State Treasurer and sent along with the completed report to: **Department of Insurance, Property & Casualty Division, P.O. Box 517, Frankfort, KY 40602-0517.**

Prepared by _____

Title _____

Signature _____

Date Prepared _____

Telephone _____

Email _____